Wealth Markets and Commerce



Finance - Economics

WALL STREET OFFICE: Mills Building, 15 Broad St.

The action of the steel stocks in! the last three or four months, and especially of their leader, has seemed steadily to reflect the approach of peace. And their action throughout the war has seemed to reflect the idea that their enormous earnings would be not merely short-lived but dearly paid for in post-bellum depression. It would be hard otherwise to explain why, for example the stock of the largest industrial in the world, after sixteen years of highly successful management, could sell no higher than about 136 when it was earning 30 to 40 per cent, anyway you choose to figure it, and was paying 17 per cent. For the larger paying 17 per cent week, and her deposits decreased and investments was \$4,724,372,000. India, rupees, cables...35.75 above par. After the culmination of and investments was \$4,724,372,000. India, rupees, cables, and investments was \$4,724,372,000. the bear market last December, when Excess reserves increased \$50,000. it went below 80, it recovered to United States government deposits toclined again to below 87. There was then a distinct change in the outlook, an enormous accession of orders from this government and the prospects of a prelonged stream of the prospects of a prelonged stream of the prospects of a prelonged stream of the prospects of the prospect o this government and the prospects discounted and bought of \$754,555,351, of a prolonged struggle. But the against \$722,973,142 a week ago, rise which followed only carried the stock to 116, and since its course course has been generally downward. All this has been pretty much true of the other steel stocks and of many

Many of our bankers tell of the enormous opportunities for trade which await the coming of peace. But their faith is not reflected in the stock market. To gain this trade would require at least a year or more of highly intensified shipbuilding, a large capital investment there- Eligible member banks. in, a large consumption of steel for Eligible non-member banks.... this and correlative purposes, very Ineligible bank bills..... this and correlative purposes, very considerable improvements and expenditures upon the railways and a gives the current rates of the twelve large use of banking credits to Federal Reserve banks on commercial finance the extension of our trade abroad. All this forms a most pleasing prospect. But as peace seems to come nearer the cold judgment of the stock market is, apparently, that all this possible development will be slow or else that it will not balance the general decline in prices and in business which so many predict. It is true that there has been in England, and probably in Germany also, a considerable expansion of steel capacity, which, added to a very great expansion in the United States. might readily spell over-production if the demand for steel were not heavy. But this is equally true in other lines of industry. Copper prothat of other fundamentals.

other war stocks.

ness will naturally follow. There is a considerable surplus of wheat in Australia and elsewhere. But there \$719,852,487; balances, \$71,293,658.

Canada has accumulated a big war debt and it is recognized that a favorable balance of trade must be mainis no surplus of meat or corn and fodder. It will be nearly a year from \$3,394,088 fro mthe Sub-Treasury yes- nine hundred Canadian manufacturers now before the fields of Europe can terday. be brought back to a maximum state Silver.—London, 49½d, unchanged; A stable export business for a varied cultivation, even if then. There are dollars, 77 %c, unchanged, experts who declare that the highly fertilized soils of Europe have undergone a very distinct deterioration, and that their product cannot be brought back to the normal for some brought back to the normal for some time. In the meantime there mus be a strong demand for good from those neutral countries whic have been more or less block aded and estopped from free pur chases by the war. The course of business and prices after other war and notably of our Civil War, doe not in any way forecast such gloom possibilities as have been conjured b the more pessimistically inclined.

The course of bank credit inflation Total gold holdings. Dec.2,549,308,000 goes merrily on, with no limit or sign from the Federal Reserve Board or the government that they purpose to

"On June 21 the twelve Federal reserve banks held bills discounted to the amount of \$1,086,023,000 and government securities to the amount of \$259,066,000. On October 25 these items had risen to \$1,944,787,000 and \$450,311,000. Their consolidated eash reserves against note and deposit liabilities on June 21 was 61.7 per cent and on October 25 it was 19.6 per cent. The member banks reporting to the Federal Reserve Board held \$1,582,211,000 of government securities on June 21 and \$2. 529 169 000 of such securities on October 25. Their loans and investments outside of war and government financing were \$10,328,617,000 on June 21 and \$10,507,763,000 on

The Bulletin adds:

"This is inflation at a galloping pace. The growth of loans means more than one-time use of the new purchasing power, for the payments return to the banks as deposits in other accounts and become purchasing power to the new owners, and so are passed on indefinitely until someone checks on them to pay a debt. Ah attempt to use more rurchasing

power, if unaccompanied by a corresponding increase of productive capacity, means higher prices; in other words, inflation. There will be more of it when subscribers to the Fourth Loan borrow to make their payments. It is not pleasant to watch it, but we should watch it. We have not gone as far as Germany, but Germany never travelled faster.

Money and Credit

ing House Association yesterday Norway, cables27.60 Argentina, checks451's showed a decrease in loans and discounts of \$45,963,000 during the last Argentina, checks45'4 week, and net deposits decreased \$96, India, rupees, checks 35.60

Bank Acceptances .- The bank accept feature, with rates unchanged.

Thirty Sixty Ninety days. days. days. Per cent.Per cent.Per cent. Spot de-livery: Eligible member

banks ...41/4@4 43%@41/4 43%@41/ Eligible non-mem-ber banks.438@4 4 4 @4 4 41/2@438 bank bills.51/2@5 51/2@5 51/2@5 For delivery within thirty days:

Discount Rates .- The following table paper for all periods up to ninety days:

With	#	=
llun anker	days,	days,
8 5	99	95
days	olus clus	61 to chus
Boston 4	434	43 a
New York 4	434	434
Philadelphia 4	434	434
Cleveland 4/4	434	434
Richmond 434	5	5
Atlanta 4	434	434
Chicago 4	434	43/4
St. Louis 4	43,4	434
Minneapolis 4	434	5
Kansas City 41/2	514	51/4
Dallas 4	434	5
San Francisco 4	5	5
The Federal Reserve	Bank of	New

duction is at a high peak and so is York has put in force the following erans who, through wounds, have been schedule of rediscount rates which ap- rendered unfit for fighting have re-It would seem that a great deal will depend upon the demand for food supplies. If this is strong busi-

st	German Bank Stat	ement.	-BERLIN	
ls	Oct. 30 (via London)	The	statement	
h	of the Imperial Germ week ending Octobe	an Ba	nk for the	
-	following changes, in	marks	3:	
78U	Gold	Inc.	25,000	f
r-	Treasury notes	Inc.	106,645,000	Đ,
of	Notes	Inc.	843,000	į
5,	Investments	Inc.	6,763,000	
35	Circulation	Inc.	341,688,000	l
	Com	Dec.	1,572,00.	ij
y	Bills discounted	Dec.	276,604,000	ľ
У	Advances	Dec.	1,594,000	Ħ
	Securities	Dec.	2,323,000	þ

Dollar in Foreign Exchange

Deposits . Liabilities

we say, effective action, for it is evident that the various "warnings" which have been offered have had about the effect of a zephyr in May. The Monthly Bulletin of the National City Bank calls attention to the fact that

"On June 2) the twelve Federal

3	follows:	and so asour
	Yesterd	f one dollar- ay. Year ago
n	English money\$1.00	2 \$1.02
n	French money 1.0	8 1.10
17	Dutch money8	4 94
n	Swiss money 8	8 .86
n	Swedish money8	0 .81
11	Russian money 3.8.	3.10
n	Italian money 1.2	1.38
-	Constat manage	- 00

Closing rates yesterday, compared with a week ago, follow: (Quoted dollars to the pound.)

Y	esteroay.	ago.
Sterling, demand	.\$4.7555	\$4.7545
Sterling, sixty cays		4.7234
Sterling, cables	200 PM (1955) 25	4.7655
Sterling, ninety days		4.713%
(Quoted units to the)
Francs, checks	5.471/4	5.4734
Francs, cables	5.461/4	5.4634
Lire, checks	6.361/2	6.351/2
Time sobles		6.341/2
Lire, cables	5.01	4.99
Swiss, checks		4.97
Swiss, cables	. 4.99	4.57
Quoted cents to th	he unit.)	
Guilders, checks	42	4234
Guilders, cables		4256
*Rubles, cables		13.00
Spain, checks		20.85
Spain, cables		20.95
		29.25
Sweden, checks		29.45
Sweden ables		(1970 F-1974) (1974)
Denmark, checks		27.30
Denmark, cables		27.50
Nammar cheeke	27 40	27.55

Reserve Bank rate. 35.78

1	exenange in	
December of the contract	value.	
Pounds, sterling		8,000
Francs	0.17.8	0.19.3
Guilders	0.463/8	0.40.2
Rubles	0.13	0.51.2
Lire, checks	0.13.33	0.19.3
Crowns (Denmark)	0.29.05	0.26.8
Crowns (Sweden)		0.26.8
The above rates e		
ican dollar. You buy	an English	pound

sterling at, say, \$4.7545. The intrinsic partiy is \$4.86% per pound. Thus you say either that pounds are at a discount or that dollars are at a premium, which is owing to the fact that in England the demand for dollars with which to settle accounts in this country is greater than the demand in this country for pounds with which to settle accounts in England.

Protective Tariff For After War Is Urged in Canada

All Elements in Dominion Unite to Solve Reconstruction Problems

(Special Correspondence of The Tribune) TORONTO, Nov. 2 .- In Canada the problem of economic readjustment af ter the war is imminent. In some respects this country is already feeling the af'ermath of its share in the struggle, which now seems to be hastening to a triumphant conclusion. After four years of fighting some 50,000 vet-

tained after the war if it is to be carare engaged directly in war business. list of Canadian products must be fostered if a period of commercial depres-London Money Market .- LONDON, sion is to be avoided. Some 300,000 people employed in munition work and close to 400,000 soldiers must be provided with employment after the country returns to a peace basis. Indications are that only a small proportion of these men will become identified with the farming industry. Hence, our factories and business houses must provide the means to support the majority. Canada has been making munitions each year of the war valued at over \$500,000,000. This work must find substitute in peace business

The Economic Revolution

Five years ago the idea af sympa-Dec. 431,036,000 thetic cooperation between capital and Dec. 78,494,000 labor was considered uptopian. The intervening period has worked a revolution. Capital is waking up to the Under the stimulus of reports of ing labor the status of partnership in take any action to check it. Or shall the surrender of Turkey and the business. In not a few cases em-

Federal Reserve Banks

by government war obligations mounted \$180,000,000 this week to \$1,252, 904,000, according to the Federal Reserve Board's weekly financial statement. The twelve banks' condition at the close of business last night was

RESOURCES

Gold in vault and in transit	Oet. 25. \$\$383,833,000 449,248,000 5,829,000	Oct. 18. \$376,679,000 415,676,000 5,829,000
Total gold held by banks	\$838,910,000 1,149,859,000 63,460,000	\$798,180,000 184,998,000 61,950,000
Total gold reserves	\$2,052,229,000 53,456,000	\$2,045,132,000 53,037,000
Total reserves.	\$2,052,229,000	\$2,098,769,000
Bills discounted: Secured by U. S. war obligations All other Bills bought in open market	1,252,904,000 493,043,000 377,072,000	1,092,417,000 453,747,000 398,623,000
Total bills on hand. United States government long term securities. United States governm't short term securities All other earning assets	\$2,123,019,000 29,472,000 88,750,000 35,000	\$1,944,787,000 28,251,000 322,060,000 24,000
Total carning assets	\$2,241,276,000 684,315,000	\$2,295,122,000 856,923,000
Five per cent redomption fund against Federal Reserve Bank notes	3,763,000 17,075,000	3,692,000 16,872,000
Total resources	\$5,052,114,000	\$5,270,785,000
LIABILITIES		
Capital paid in	793,60,000	79,190,000
Surprus	1,134,000	1,134,000
Government deposits	249,397,000	78,218,000
Due to member banks-Reserve account	1,442,493,000	1,683,499,000
Collection items	543,975,000	702,107,000
Other deposits, including for'n gov't credits	111,827,000	117,001,000
Total gross deposits	\$2,347,692,000	\$2,589,825,000
Federal Reserve notes in actual circulation.	2,515,504,000	2,507,912,000
net liability	63,338,000 45,086,000	58,859,000 42,865,000
Total liabilities	\$5,052,114,000	\$5,270,785,000
Ratio of total reserves to net deposit an ities combined 50.4 per cent. Last week, 49.6.	Federal Reser	ve note liabil-
Ratio of gold reserves to Federal Reserves	ve notes in act	usl circulation

Federal Reserve Bank of New York

after setting aside 35 per cent against net deposit liabilities, 60.6 per cent Last week, 59.6.

The weekly statement of the Federal Reserve Bank of New York, as of

RESOURCES		
Gold coin and gold certificates: Gold in vaults and settlement fund Gold with F. R. agent and in redemption	November 2. \$374,189,241	October 26. \$299,724,376
fund-F. R. notes	310,530,415 2,010,962	310,467,665 2,010,961
Total gold reserve	\$686,730,618	\$612,203,003
Legal tender notes, silver certificates and subsidiary coin	43.393,807	43,516,818
Total reserve	\$730,124,426	\$655,719,821
Bills discounted and bought: Rediscounts and advances Commercial	4100,121,120	φ000,719,821
Rediscounts and advances—U. S. obli-	110,600,478	105,016,577
gations	514,011,642	475,800,424
	129,943,831	142,156,140
Totals	\$754,555,951	\$722,973,142
United States bonds and notes	37,339,650	214,371,750
Totals	\$37,339,660	\$214,371,750
Due from foreign banks	853,003	535,950
Total resources	\$1,522,873,030	
LIABILITIES	¥1,002,015,000	\$1,593,600,662
Capital	\$20,314,150	\$20,220,250
Member banks' deposits (net)	562,255,883	702,157,340
Non-member banks' deposits (net)	5,918,361	7,268,812
Government deposits	32,649,217	8,523,253
Due to War Finance Corporation	48,019,425	1,880,760
Federal Reserve notes (net)	6,100,956	8,767,374
Federal Reserve Bank notes (net)	722,067,655	721,939,055
Foreign government accounts	20,329,000	19,158,000
Other liabilities	94,937,565	95,173,798
Court nabilities	9.631,452	7.862,656
Sarglus	649,364	649,364
Total trabilities	\$1,522,873,029	\$1,593,600,652
Federal Reserve notes outstanding	813,244,300	813,244,300
Against which there is deposited with Federa. Reserve agent:		010,244,500
Gold and lawful money	285,627,065	285,627,085
Commercial paper	754,555,951	722,973,142

New York Clearing House Banks

yesterday, with the changes from the precedin	g week, follow	Clearing Hous
Loans, discounts, investments*. Cash in vaults of Federal Reserve members. Reserve in Federal Reserve Bank. Cash in vaults of state banks and trust co's. Reserve in depositories *Net demand deposits.	100,448,000 525,944,000 9,887,000 8,051,000	Changes, Dec. \$45,963,00 Dec. 6,089,00 Dec. 91,154,00 Dec. 325,00 Dec. 601,00
Net time deposits Circulation Excess reserve Aggregate reserve	3,699,553,000 150,452,000 36,098,000 54,181,130 543,882,000	Dec. 96,830,00 Inc. 1,673,00 Inc. 50,00 Dec. 78,596,58 Dec. 92,080,00

"United States deposits deducted, \$389,719,000.

was not a great as might otherwise have been expected under the pressure change of the common than the control of the control

On the Credit Side of the · Great War's Balance Sheet

In Spite of Destruction and Waste, the Wealth Producing Equipment of the World Is Only Slightly Impaired, While That of the United States Is Greater Than Ever

By George E. Roberts

Assistant to the President, National City Bank of New York

WHEN the war broke out people were appalled at the enormous waste which they saw beginning. It was said that all the achievements of the past, all of the wealth that had been accumulated would be set back for one hundred years. And even now it is often said that it will take a long time to recover from the destruction of wealth which has occurred. That sounds plausible, but let's look at it. Wealth is of three kinds: First, there is the wealth in the natural resources, the soil, the forests, the minerals, water power, etc.; then there is wealth in the form of improvements—houses, factories, equipment of every kind got developing the natural resources, for working up the materials and for handling and transporting them; and third, there is what we call consumable wealth, in the form of goods on hand that minister directly to our comfort and pleasure. All other wealth of the hird class.

Now to what extent have these three classes of wealth been exhausted by the war? What about natural resources? Have we made any perceptible inroads on our stores of natural wealth? Certainly not, I should say that there has been a development, an there is the seen a development, an there has been a development, an third there has been a development, an there has been a development and there has been a

wealth? Certainly not. I should say Prosperous in that there has been a development, an

that there has been a development, an opening up and uncovering of natural wealth which has put more of it in sight and within reach than there was in sight before the war.

What about the second class, the fixed improvements and the industrial equipment? You would have to strike a balance on that. There has been a great destruction of property in the zone of actual fighting. There has been a great destruction of ships. But before you jump at the conclusion that the world is going to be set back fifty or a hundred years you should take account of the world's facilities for replacing these things.

The loss of the Lusitania was a serious one, for she was the highest production of wealth Notwithstanding all the gone from the farms in into the war industries produced more in the war than in any other currents. Notwithstand in any other currents was the nicessaries, and find has been greater than

The loss of the Lusitania was a serious one, for she was the highest product of the shipbuilder's art. But the time and labor required to replace the Lusitania are not very great compared with the time and effort that were covered in the development of shipbuilding from the savage's dugout up to the Lusitania. In short, the achievements of the past are not so much in the physical properties we inherit as in the stock of knowledge that comes down to us. While the Lusitania was a fine modern ship many of the others were not, and I venture the opinion that the average cost of ocean transportation will be less after the war than it was before. And so a friend tells me that a lot of the old towns destroyed in the war zone should have been condemned for sanitary reasons. You know that a great many towns have been improved by a fire.

How the War Has

Stimulated Industry

But now I say that it would be necessary to strike a balance. There has been a destruction of valuable property in the war zone, and there has been heavy wear and tear on industrial equipment, and a deterioration of the strict of the been heavy wear and tear on industrial equipment, and a deterioration of many kinds of property. On the other hand, there has been a lot of new construction for war purposes, and an expansion of industry for war purposes which will be of permanent value. Furthermore, under the pressure of war needs there has been much scientific development in industry. War is a great stimulus to a people. It is an emergency which lifts men out of the track of routine and habit and compels them to think and plan anew. We see a whole new dye industry created in this country, and many other industries have been given a marked impetus. Agriculture is one of them. The farm tractor has had a far more rapid introduction than would have been probable in times of peace.

The third class of wealth consists of stocks of consumable wealth on hand.

debts? I do not consider the debts an impossible burden. Suppose the United States owes \$20,000,000,000 or \$25,-000,000,000. The bonds are widely distributed. The taxes will be heavy, but they will pass out of the pockets of the taxpayers into the Treasury, and out of the Treasury into the pockets of the bondholders, who come pretty near being the same people as the taxpayers. And even if they are not the same people the capital is not lost but is returned to the same communities. It will be there for use in industry, for investment, for the employ-

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FINANCIAL

CERTIFICATE NO. 11,434, POR FIVE of chares of the capital stock of the Lehg Valley Coal Saies Company, in hame jul'a Avery Fish, having been lost or midd, notice is hereby given that appear too has been made for a renewal of the same.—Advt.

wealth producing equipment of the world is only slightly impaired, and of this country is greater than ever.

Prosperous in

Spite of the War

But there is a great lesson in all this experience, and this is the lesson of the possibility of increasing the production of wealth in this country. Notwithstanding all the men who have gone from the farms into the war and into the war into the war than in any other four years of cur history. Notwithstanding all the men who have produced more in the four years of cur history. Notwithstanding all the men who have gone from the railways, the railways have handled more traffic than ever before. And so you may go through most of our really vital industries, the industries producing necessaries, and find that production has been greater than ever.

The wage carners on the average have earned more, lived better, and probably saved more than they ever did before. The farmers have been prosperous and the average business man has been prosperous, and your own records as a bond-selling organization indicate that there is wider distribution of investments than ever before. It sounds like a paradox, and some of it is netitious, for of course the Liberty bonds do not represent real wealth; they are only a claim on the future.

But on the whole the country is really prosperous in spite of the war, and the explanation is in the fact that our wealth producing powers have been fixed at \$2,103,589. Assuming other income and fixed charges,

But on the whole the country is really prosperous in spite of the war, and the explanation is in the fact that our wealth producing powers have been working at a rate they never worked before.

Sometimes were the war, and the specific power income and fixed charges, equal to those of last year, it is estimated that there will be a surplus this before.

Anaconda's October Output The Anconda Copper Mining Com-

pany in the month of October produced 23,450,000 pounds of copper, an in-Trading on the Stock Exchange in the bonds of the fourth Liberty Loan will begin to-morrow, according to an amounted to 21,800,000 pounds over the crease of 1,113,540 pounds over the corresponding period a year ago. In September the company's output amounted to 21,800,000 pounds, and with

compels them to think and plan anew.

We see a whole new dye industry created in this country, and many other industries have been given a marked impetus. Agriculture is one of them. The farm tractor has had a far more rapid introduction than would have been probable in times of peace.

The third class of wealth consists of stocks of consumable wealth on hand. Perhaps stocks are lower than usual, but the difference is not important. Stocks on hand are of small consequence compared with production capacity. As I said before it is not the stock of goods but the flow of goods that is important.

But what about these enormous debts? I do not consider the debts an impossible burden. Suppose the United States over \$20,000,000,000. The contract of the state of the member of the member of the part of the pa

\$689,977,000 881,001,000 1,546,075,000

A week age 69.32 88.47

277.481

219.679

9,883,447

104,465

650,828,000

33,555,698

A year age 363 \$11,903,051

Significant Relations

MONEY MIN I INCCS.		
ock of money gold in the country	\$3,079,094,009	\$3,035,390,720
pans of all national banksheir surplus reserves	June 29, 1918 \$9,260,402,000 152,819,000	Nearest period previous year. \$8,818,312,000 841,931,000
ills discounted and bought by Fed-	Last week.	A year sec.

Total gold reserve Average price of fifty stocks Average price of twenty-five bonds... Food cost of living (Annalist index Last week. 281,489

index number) Production: Unfilled U. S. Steel orders, tons....8,297,905

Relevant Comment

New Liberty Bonds Listed

Pig iron (daily average), tons..... 113,942 Wheat crop, bushels..... Distribution:

General:

1,535,297,000 2,717,775,000 Gross railroad earnings.....

1.587,286,000 3,159,494,000 11,300,254 + 37.1% Week before

The week before 282.245

232.882

8,759,042

109,341

August 31. 23,646,811 August 720 \$7,984,760 September. \$17,407,130 Building permits (Bradstreet's):